

Ovobel Foods Limited

June 22, 2023

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Short Term Bank Facilities	11.00	CARE A4; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE has been seeking information from Ovobel Foods Limited to monitor the rating vide e-mail communications dated April 05, 2023, April 15, 2023 and April 25, 2023 and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the rating. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on Ovobel Foods Limited' bank facilities will now be denoted as CARE A4; ISSUER NOT COOPERATING*

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.

Analytical approach: Standalone

Detailed description of the key rating drivers:

Key Rating Weaknesses

Intense competition from large number of players along with risk of contamination of the final product

Over the past decade, developing nations such as Brazil, Argentina, Chile, and other such countries around the globe encountered a huge shift in consumption patterns, from carb-based food (such as grains, cereals, and rice) to protein-based foods (such as hens, fish, meat) fuelling the demand for egg powder and resulting in an expansion of the animal feed industry and driving the demand for egg powder. High risk of contamination in eggs, would possibly degrade the quality of eggs and processed egg products.

Key Rating Strengths

Long track record of operations

OFL has established itself as a reputed manufacturer and exporter of egg powder in India and is one of the few egg powder and frozen egg manufacturers in the country. The company commenced the operations in 1996 and owing to its long-term presence it has established associations long with the customers and suppliers.

Comfortable capital structure

Capital structure is comfortable with gearing of 0.49x as on March 31, 2023 (PY:1.35x)

Improving profitability and debt protection metrics

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

OFL witnessed sharp increase in the PBILDT due to increased scale of operations in FY23, on the back of robust demand both in domestic and international markets. Due to increase in profitability at absolute levels debt coverage indicators also improved. Interest coverage ratio stood at 38.14x (PY:2.17x) and profitability margin in FY23 stood at 24.35% (PY:1.44%)

Applicable criteria

[Policy in respect of Non-cooperation by issuer](#)
[Policy on default recognition](#)
[Financial Ratios – Non financial Sector](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Rating Outlook and Credit Watch](#)
[Short Term Instruments](#)
[Manufacturing Companies](#)
[Policy on Withdrawal of Ratings](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Food Products	Meat Products including Poultry

Bangalore, Karnataka based Ovobel Foods Limited was established in 1993 and is engaged in the business of processing and freezing of egg powder, egg yolk powder and egg albumen powder.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)
Total operating income	126.99	224.69
PBILDT	1.83	54.72
PAT	0.02	38.82
Overall gearing (times)	1.35	0.49
Interest coverage (times)	2.17	38.14

A: Audited UA: Unaudited; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Non-fund-based - ST-Bill Discounting / Bills Purchasing	-	-	-	-	9.00	CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-EPC/PCFC	-	-	-	-	2.00	CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Non-fund-based - ST-Bill Discounting / Bills Purchasing	ST	9.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (20-May-22)	1)CARE A4; ISSUER NOT COOPERATING* (14-Apr-21)	-
2	Non-fund-based - ST-EPC/PCFC	ST	2.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (20-May-22)	1)CARE A4; ISSUER NOT COOPERATING* (14-Apr-21)	-

*Issuer did not cooperate; based on best available information.

* Short term.

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities Not Applicable**Annexure-4: Complexity level of the various instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Non-fund-based - ST-Bill Discounting / Bills Purchasing	Simple
2	Non-fund-based - ST-EPC/PCFC	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

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About us:

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